

**Brandywine School District
Construction Projects**

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

June 30, 2008

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Independent Accountant's Report on Applying Agreed-Up Procedures

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Superintendent
Brandywine School District
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The Honorable Lillian Lowery
Secretary, Department of Education
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Dover, DE 19901

We have performed the procedures enumerated below, which were agreed to by the Brandywine School District (the School District), the Office of Auditor of Accounts, and the State of Delaware Department of Education on the District's construction projects. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education School Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. The School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Our procedures disclosed an instance of noncompliance that resulted in finding #08-01 and related recommendations. See Appendix A.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed an instance of noncompliance that resulted in finding #08-02 and related recommendations. See Appendix A.

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3. Determine if expenditures are accurately stated and are made in accordance with the State's Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the local Board of Education.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the current fiscal year. Ensure that completed projects have been appropriately closed out of construction and added to the State's Fixed Asset Accounting System (FAAS).

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Brandywine School District management and Board Members and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, the Office of the Attorney General, the Office of Management and Budget, the Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

A handwritten signature in black ink, appearing to read "James Scanlon", with a long horizontal flourish extending to the right.

Newark, Delaware
January 26, 2009

Brandywine School District

Schedule of Findings and Recommendations

Procedure Agreed Upon #1:

Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Finding #08-01:

Criteria

The State of Delaware Capital Asset Accounting Manual requires each state agency to establish internal written procedures and controls necessary to implement and monitor prescribed capital asset accounting and reporting policies, guidelines, and standards.

Condition

During our required documentation of the School District's internal controls as they relate to the recording of fixed asset additions to the State's FAAS, we noted that the current process for recording additions does not provide for a supervisor's approval of the amounts input. Currently, additions are added to FAAS that represent the current year capitalizable expenditures. The accuracy of the amounts and descriptions entered are not currently reviewed and approved by management to ensure accuracy and completeness.

Cause

Proper internal control procedures are not in place within the School District to ensure that fixed assets are captured correctly within the State's FAAS.

Effect

Fixed assets may be misstated and may not include all expenditures that should be capitalized within the State's FAAS.

Recommendation

The School District needs to implement an internal control process whereby the fixed asset amounts and descriptions entered into FAAS are reviewed by management, or their designee, to verify accuracy and completeness.

School District Response:

The School District will implement an internal control and review process for submissions to the State's FAAS.

Procedure Agreed Upon #2:

Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Finding #08-02:***Criteria***

Proper administration of school district construction projects requires the following:

Title 29, Section 507(b) of the Delaware State Code, states "The Office of Management and Budget shall not approve final payment for any construction project until permanent archival-quality copies of the architectural and engineering drawings have been deposited with the Delaware Public Archives", and

Section 2.0, Paragraph 5.4 of the State of Delaware Department of Education School Construction Technical Assistance Manual, states "Local school districts shall submit to the Department of Education a copy of the electronic AutoCAD files. Electronic AutoCAD files shall be submitted no later than 30 calendar days after the completion of any major renovation or an addition to an existing facility".

Condition

During our testing of the aforementioned requirements for Talley Middle School, Concord High School, Mt. Pleasant Elementary School, Forwood Elementary School, and Lombardy Elementary School, we noted that the School District neither deposited the permanent archival-quality copies of the architectural and engineering drawings with the Delaware Public Archives, nor submitted to the Department of Education a copy of the electronic AutoCAD files.

Cause

The School District does not have proper policies in place to ensure that the archival-quality copies of the architectural and engineering drawings have been deposited with the Delaware Public Archives and that the electronic AutoCAD files are submitted within 30 calendar days of project completion.

Effect

Records required to be maintained by the Delaware Public Archives and the Department of Education are incomplete or are not completed in a timely manner.

Recommendation

The School District should archive permanent copies of the architectural and engineering drawings so proper approval may be given for final payment by the Office of Management and Budget. The School District should also submit a copy of the electronic AutoCAD files to the Department of Education no later than 30 calendar days after the completion of any major renovation or an addition to an existing facility.

School District Response:

The School District will submit all required documents to the Department of Archives by the end of May 2009.

Brandywine School District
Schedule of Prior Year Findings

The following schedule summarizes the prior year findings and status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
Finding #07-01	It was recommended that the School District personnel attend Capital Asset Training in May to be presented by the Division of Accounting (DOA). During this training, DOA will specifically address the topic of payroll in Construction Work in Progress (CWIP).	School District personnel attended Capital Asset Training, which addressed payroll within CWIP. As a result of our testing and analysis of the expenditures incurred during fiscal year 2008, no payroll costs were included in the CWIP report. Implemented

Status Key

<u>Implemented</u>	The concern has been addressed by implementing the original or an alternative corrective action.
<u>Not Implemented</u>	The corrective action has not been initiated.
<u>Partially Implemented</u>	The corrective action has been initiated, but is not complete, and the auditor has reason to believe management fully intends to address the concern.

Brandywine School District

Schedule of Construction Projects

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current Fiscal Year	Expended Prior Fiscal Years	Total Project Expended to Date	Total Unspent as of 6/30/08
Mt. Pleasant High School	2002	\$ 3,092,200	\$ (188,230)	\$ 2,903,970	\$ -	\$ 2,903,970	\$ 2,903,970	\$ -
Harlan Elementary School	1998	69,000	-	69,000	-	69,000	69,000	-
Harlan Elementary School	1999	933,334	(555)	932,779	-	932,779	932,779	-
Harlan Elementary School	2002	818,700	-	818,700	-	818,700	818,700	-
Harlan Elementary School	2003	12,200,000	(850,000)	11,350,000	-	11,350,000	11,350,000	-
Mt. Pleasant Elementary	2002	900,000	-	900,000	-	900,000	900,000	-
Mt. Pleasant Elementary	2003	11,448,600	439,490	11,888,090	10,495	11,877,595	11,888,090	-
Concord High School	2002	2,488,500	-	2,488,500	-	2,488,500	2,488,500	-
Concord High School	2003	3,333,300	800,000	4,133,300	-	4,133,300	4,133,300	-
Concord High School	2004	20,071,000	675,000	20,746,000	550	20,742,110	20,742,660	3,340
Forwood Elementary	2003	500,000	-	500,000	-	500,000	500,000	-
Forwood Elementary	2004	9,206,800	-	9,206,800	6,398	9,179,785	9,186,183	20,617
Lombardy Elementary	2003	500,000	-	500,000	-	500,000	500,000	-
Lombardy Elementary	2004	7,102,300	50,000	7,152,300	-	7,150,019	7,150,019	2,281
Lombardy Elementary MP	2005	356,218	-	356,218	31,394	318,393	349,787	6,431
Lombardy Elementary MP	2007	237,487	-	237,487	20,930	212,022	232,952	4,536
Talley Middle School	2004	16,666,700	(1,175,000)	15,491,700	547	15,485,778	15,486,325	5,375
Talley Middle School	2005	956,800	248,740	1,205,540	66,393	1,066,040	1,132,433	73,107

Brandywine School District

Schedule of Construction Projects (Continued)

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current Fiscal Year	Expended Prior Fiscal Years	Total Project Expended to Date	Total Unspent as of 6/30/08
P. S. DuPont Elementary	2006	\$ 4,500,000	\$ -	\$ 4,500,000	\$ 140,058	\$ 4,343,840	\$ 4,483,898	\$ 16,102
P. S. DuPont Elementary	2007	36,844,800	-	36,844,800	26,389,755	6,607,862	32,997,617	3,847,183
P. S. DuPont Elementary	2008	3,123,800	-	3,123,800	5,387	-	5,387	3,118,413
Lancashire Elementary MP	2006	447,538	-	447,538	43,292	-	43,292	404,246
Lancashire Elementary MP	2005	449,006	-	449,006	-	-	-	449,006
Lancashire Elementary	2007	1,174,371	-	1,174,371	463,050	108,774	571,824	602,547
Lancashire Elementary	2008	13,159,600	-	13,159,600	261,696	-	261,696	12,897,904
Springer MS	2007	2,833,300	-	2,833,300	1,491,672	527	1,492,199	1,341,101
Springer MS	2008	23,254,600	-	23,254,600	292,103	-	292,103	22,962,497
Hanby Middle School	2008	2,666,700	-	2,666,700	-	-	-	2,666,700
District Office	2007	3,123,800	-	3,123,800	6,248	6,569	12,817	3,110,983
Total		\$ 182,458,454	\$ (555)	\$ 182,457,899	\$ 29,229,968	\$ 101,695,563	\$ 130,925,531	\$ 51,532,369

Distribution of Report

Copies of Brandywine School District's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Jack A. Markell, Governor, State of Delaware
The Honorable Gary M. Pfeiffer, Secretary, Department of Finance
The Honorable Ann S. Visalli, Director, Office of Management and Budget
The Honorable Lillian M. Lowery, Secretary, Department of Education
Ms. Dorcell Spence, Associate Secretary, Finance and Administrative Services,
Department of Education
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General
The Honorable Velda Jones-Potter, Treasurer, State Treasurer's Office

Other

Joseph Burmskill, Board President, Brandywine School District
Debra Heffernan, Board Vice President, Brandywine School District
Dr. Aletha Ramseur, Board Member, Brandywine School District
Patricia Hearn, Board Member, Brandywine School District
Mark F. Huxsoll, Board Member, Brandywine School District
Olivia Johnson-Harris, Board Member, Brandywine School District
Sandra S. Skelley, Board Member, Brandywine School District
James Scanlon, Ed.D., Superintendent, Brandywine School District
John Read, District Construction Manager, Brandywine School District
David Blowman, Chief Financial Officer, Brandywine School District